Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Message Text

SECRET

PAGE 01 CAIRO 04546 061645Z

47
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
---------- 077907
R 061536Z APR 76
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 1723

S E C R E T CAIRO 4546

EXDIS

EO 11652: GDS
TAGS: EAID EG
SUBJECT: ASSISTANCE TO EGYPT: ENCOURAGING DONOR PARTICIPATION

REF: (A) STATE 081241, (B) CAIRO 3971

1. EMBASSY IS GRATIFIED THAT DEPARTMENT SEES UTILITY IN OUR SUGGESTION THAT BROADENED ECONOMIC/POLITICAL SUPPORT BE SOUGHT FOR SADAT. ISSUE HAS BECOME MORE PRESSING NOW THAT EFFORTS TO SECURE ADDITIONAL FINANCIAL ASSISTANCE FROM FRANCE AND GERMANY HAVE EVIDENTLY FAILED, AND IRAN APPEARS RELUCTANT.

2. WITH RESPECT TO TIMING SUGGESTED REF A, PARA 2, WE WOULD LIKE TO MAKE FOLLOWING POINTS. THERE WILL PROBABLY BE FAIR AMOUNT OF SLIPPAGE BETWEEN BEGINNING OF GOE/USG UNDERTAKING AND ACTUAL DECISIONS BY TARGET GOVERNMENTS. THUS, WHILE LINKING SUPPORT TO AGREEMENT WITH IMF WILL PROBALY ASSIST EFFORT, IF WE DELAY UNTIL IT IS CONCLUDED (AND THERE IS NO CERTAINTY IT WILL BE) THEN MUCH OF THE YEAR MAY HAVE PASSED BEFORE ANY RESULTS AT ALL WILL BE OBTAINED.

3. ADDITIONAL POINT IN THIS RESPECT IS POSSIBLE UTILITY OF ATTEMPTING TO INCREASE SIZE OF IMF CARROT, WHICH UNTIL NOW HAS BEEN TOO SMALL TO ENCOURAGE SADAT TO MAKE MAJOR ECONOMIC/POLITICAL MOVES. WE MIGHT CONSIER SUGGESTING THAT SOME COUNTRIES, PARTICULARLY THOSE WITHOUT
SECRET

SECRET

PAGE 02 CAIRO 04546 061645Z

EXISTING AID-TYPE MACHINERY, MAKE THEIR CONTRIBUTIONS BY

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

ADDING TO FUNDS WHICH WILL BE MADE AVAILABLE BY IMF (OR MAKING CONTRIBUTION " CONTINGENT UPON" CONCLUSION OF AN AGREEMENT). THIS WOULD SERVE PURPOSE MENTIONED ABOVE,AND AT SAME TIME PROVIDE INTERNATIONAL UMBRELLA FOR ASSISTANCE PROVIDED, PERHAPS MAKING DECISION EASIER AND MORE PALATABLE DOMESTICALLY FOR DONORS. EMBASSY IS UNSURE OF IMF PROCEDURES IN THSE MATTERS, BUT SINCE FUND WILL BE PROVIDING BOPSUPPORT, SUCH ADDITIONS WOULD ACCOMPLISH ALMOST ALL OUR OBJECTIVES AT SAME TIME.

4. FURTHER, WHETHER ASSISTANCE IS PROVIDED THROUGH IMF ITSELF OR ON PURELY BILATERAL BASIS, OR EFFORTS TO LINE UP ADDITIONAL SUPPORT SHOULD BE BASED ON NECESSITY OF IMF AGREEMENT AND THIS POINT MADE PERFECTLY CLEAR TO GOE. IN ADDITION TO FACILITATING OUR EFFORTS, THIS SHOULD SERVE AS ADDITIONAL INDUCEMENT TO EGYPTIANS TO MOVE TOWARD STANDBY AND WE SHOULD THEREFORE START IN VERY NEAR FUTURE.

5. EMBASSY THEREFORE BELIEVES THAT TIMETABLE SUGGESTED REF A, PARA 3, FOR APPROACH TO POTENTIAL DONORS SHOULD BE MOVED FORWARD SOMEWHAT. RATHER THAN WAIT TO LAUNCH CAMPAIGN UNTIL AFTER IMF BOARD ACTION, WE RECOMMEND THAT JOINT PLANNING ACTIVITIES START NOW, AS SUGGESTED, BUT THAT CONTACTS WITH POTENTIAL DONORS BE UNDERTAKEN AS SOON AS PRACTICABLE.

6. RE EGYPTIAN INITIATIVES, WE BELIEVE THAT PM SALEM WOULD BE PREPARED TO CALL IN AMBASSADOR, AND HAVE IMPRESSION THAT THIS MIGHT BE MORE EFFECTIVE THAN HAVING FAHMY DO IT. LATTER SHOWS LITTLE TASTE FOR MENDICANT ROLE, AND PM HAS TAKEN RESPONSIBILITY FOR ECONOMIC MATTERS WHICH ARE BASIS FOR REQUEST FOR HELP. WE WOULD ALSO PROPOSE THAT EGYPTIAN AMBASSADORS MAKE SIMULTANEOUS DEMARCHES IN RESPECTIVE CAPTIALS. WHILE THIS MIGHT CREATE POSSIBILTY OF MINOR PROBLEMS OF CROSSED-WIRE VARIETY, IT IS ONLY WAY TO ENSURE-- OR AT LEAST PROVIDE FOR POSSIBILITY OF-- BROAD GOE INVOLVEMENT IN EXERCISE. IT WOULD ALSO BE PARALLELED BY USG ACTIONS OF SIMILAR NATURE AS PROPOSED REF B.

SECRET

SECRET

7. WITH REGARD TO TYPES OF AID TO BE REQUESTED, WE ASSUME DEPT. IS CONSIDERING SIGNIFICANT STRETCH-OUT OF TERMS FOR EXISTING COMMERCIAL RELATIONSHIPS (MEAT FROM URUGUAY, WHEAT FROM AUSTRALIA, ETC.) AS WELL AS OTHER FORMS OF BOP ASSISTANCE. WE LOOK FORWARD TO ADDTIIONAL INFORMATION ON THIS SUBJECT, AND ARE PREPARED TO BEGIN CONSULTATION AS SOON AS WE ARE SO INSTRUCTED.
EILTS

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

SECRET

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, FINANCIAL CONTRIBUTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 APR 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CAIRO04546
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760129-0932
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760494/aaaadcln.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: 76 STATE 81241, 76 CAIRO 3971
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags:
Review Date: 08 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 JUN 2004 by BoyleJA>; APPROVED <21 OCT 2004 by RowellE0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ASSISTANCE TO EGYPT: ENCOURAGING DONOR PARTICIPATION
TAGS: EAID, EG, FR, GE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006